

ISSUE DATE: April 25, 1996

DOCKET NO. P-1621, 1466/PA-93-1184

ORDER APPROVING SALE AND TRANSFER OF ASSETS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs
Tom Burton
Marshall Johnson
Dee Knaak
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Request by Kantel
Communications, Inc. for Authority to
Transfer Assets to Peoples Telephone
Company, Inc.

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PROCEDURAL HISTORY

In November, 1993, Kantel Communications, Inc. (Kantel) and Peoples Telephone Company, Inc. (Peoples) filed a joint request for Commission approval of Kantel's proposed sale and transfer of assets to Peoples. During its investigation of the petition, the Department of Public Service (the Department) discovered that Kantel had been charging excessive rates for its "inmate only" store and forward service.

On February 15, 1994, the Commission issued an Order approving the joint petition subject to resolution of the Department's investigation and recommendation.

On August 15, 1994, the Commission issued its ORDER REQUIRING REFUND AND REFERRING MATTER TO OFFICE OF THE ATTORNEY GENERAL. In that Order the Commission found that Kantel had knowingly and intentionally imposed charges in violation of Commission-imposed rate caps and requirements for inmate-only store and forward service. The Commission ordered Kantel to pay a \$16,600 refund for its overcharges. Pursuant to Minn. Stat. § 237.461, the Commission referred the matter to the Office of the Attorney General (OAG) for civil penalty proceedings.

On January 25, 1995, the Commission issued its ORDER DENYING RECONSIDERATION AND ALLOWING ADJUSTMENT OF REFUND. In that Order the Commission agreed to lower the refund by \$591 for charges imposed before store and forward requirements were set.

On March 26, 1995, the Commission issued its ORDER CLARIFYING PROVISION OF FEBRUARY 25, 1994, ORDER. In that Order the Commission clarified the previous Order by stating that approval of the sale and transfer of assets from Kantel to Peoples is conditioned upon the full resolution of issues stemming from the Department's investigation of Kantel's overcharges. The Commission found that "resolution" includes the payment of refunds and the payment of any penalties arising from OAG penalty proceedings or from district court action.

On April 28, 1995, the Commission learned that Kantel had made refund payments totaling \$16,609 in the manner prescribed in the Commission's August 15, 1994 and January 25, 1995

Orders.

On May 3, 1995, the OAG informed the Commission that it had reached a settlement with Kantel in district court proceedings. Under the settlement, Kantel would pay \$20,600 to the State of Minnesota, with the first \$2,060 payable on the date of the agreement and the remaining \$18,540 payable on January 5, 1996.

On March 8, 1996, the OAG notified the Commission that Kantel had made full and final payment of the penalties agreed upon in the district court action.

On April 2, 1996, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

In February, 1994, the Commission approved the sale and transfer of assets from Kantel to Peoples, subject to the resolution of all issues stemming from the Department's investigation of Kantel's charges for its inmate-only store and forward services.

As a result of the Department's investigation, Kantel was required to refund \$16,600 in overcharges and to pay civil penalties in the amount of \$20,600.

Kantel has fully discharged its refund and civil penalty obligations. The Commission therefore issues a full approval of the sale and transfer of assets from Kantel to Peoples.

ORDER

1. The Commission issues a full approval of the sale and transfer of assets from Kantel to Peoples.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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